



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

One South Station

Boston, Massachusetts 02110

JANE SWIFT
GOVERNOR

February 22, 2002

THOMAS J. CURRY
COMMISSIONER

David V. Margolin, Esq.
7 Skyline Drive, 2nd Floor
Hawthorne, New York 10532

Dear Mr. Margolin:

This letter is in response to your correspondence dated November 1, 2001 to the Division of Banks (the "Division") in which you request an opinion relative to whether an affiliate which is collecting debts on behalf of another affiliate within the same holding company is required to obtain a collection agency license in the Commonwealth.

In your letter you state that you represent a business entity which services debts owned by an affiliate of the same holding company and you are seeking to comply with any collection agency licensing, bonding or registration requirements in Massachusetts. You also state that the business entity exclusively collects debts owned by its affiliate and ask if a collection agency license is required under this set of facts.

Massachusetts General Laws chapter 93, section 24 requires that any person or entity collecting debts on behalf of another must obtain a collection agency license from the Division. The Division's regulations at 209 CMR 18.03 defines "debt" as money or its equivalent which is, alleged to be, more than 30 days past due and owing. Section 24 contains certain exemptions from the collection agency licensing requirement. However, there is no specific exemption for an affiliate collecting debts on behalf of another affiliate within the same holding company. It is the position of the Division that an affiliate of a holding company which is collecting debts exclusively on behalf of a separate affiliate within the same holding company is required to obtain a collection agency license in the Commonwealth pursuant to said section 24.

The conclusions reached in this letter are based solely on the facts presented. Fact patterns which vary from that presented may result in a different position statement by the Division.

Sincerely,

Joseph A. Leonard, Jr.
Deputy Commissioner of Banks
and General Counsel

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